Oregon
Kate Brown, Governor

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MEMORANDUM

To: Chairs Marsh and Lieber, members of the Joint Task Force On Resilient Efficient Buildings

From: Blake Shelide, Facilities Engineer, Oregon Department of Energy

Date: July 22, 2022

Re: Cost Analysis Tool

Thank you for your continued efforts to discuss and evaluate policy options for building decarbonization in Oregon. In response to discussion at the July 13, 2022 Task Force Meeting, ODOE would like to provide additional information on the Cost Analysis Tool that was mentioned during the meeting.

The Cost Analysis Tool was developed through multi-agency implementation of Executive Order 17-20. This EO included a requirement for the Oregon Department of Energy and the Building Codes Division — in consultation with Department of Administrative Services, Public Utility Commission, and Oregon Housing and Community Services — to adopt a cost-analysis tool to be used to determine whether any directive in the Executive Order should be deferred due to significant cost at the time of implementation of that directive. After several agency meetings and receiving stakeholder input, the five-agency working group collaborated to issue a Cost Analysis Tool. A Protocol document was developed to support the calculator and provide agency staff with guidance on how to utilize the cost analysis tool spreadsheet.

The primary purpose of the Cost Analysis Tool was for direct application by agencies for implementation of EO 17-20 and potential deferral of a specific directive, but has not been applied for that purpose as all directives in EO 17-20 have been implemented on schedule without a need for deferral. The Cost Analysis Tool provides an open framework and calculator for a cost/savings benefit analysis that can be applied to a variety of projects where there are initial costs and future cash flows (e.g., energy efficiency measures, equipment retrofits, generation projects, incentive programs, etc.). Variables such as initial costs, discount factors, future maintenance considerations, equipment life, and utility rates, among others, can be defined and entered by the user. The calculator does not prescribe specific values for these variables, but rather provides a standard and transparent framework for the user to enter and

support these factors that are needed in the financial analysis. With these inputs, the calculator will determine metrics such as net present value and rate of return that can be used to evaluate the lifecycle costs of a project and compare multiple options.

Links to the Cost Analysis Tool and Cost Analysis Protocol document are provide below for reference.

Thank you for the opportunity to provide additional information to the Resilient Efficient Building Task Force. ODOE is available to further assist the Task Force as needed.

References:

Executive Order 17-20 (Directive 6 Analysis of Cost):

> 6. **Analysis of Cost**. State agencies are expected to implement this Executive Order using the least cost methods available. ODOE and BCD, in consultation with DAS, PUC, and OHCS, are directed to adopt a cost-analysis tool through a process that involves meaningful public input by December 1, 2019. State agencies shall use this cost analysis tool to determine whether any directive in this Executive Order should be deferred for one year or, if specific to a building code related directive, to the next building code cycle, due to significant cost at the time of implementation of that directive. All state agency processes for determining deferment of a directive in this Executive Order must include at least one public meeting that allows interested stakeholders to provide input.

Cost Analysis Tool (spreadsheet)

Cost Analysis Protocol

Progress Table on All Directives in EO 17-20